

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

Media Excerpts: A snapshot of state and national energy issues*

Power coop files eminent domain suits. East Kentucky Power Cooperative has begun eminent domain proceedings against five property owners in eastern Clark County to obtain the final easements needed for its 18-mile power line project. Lawsuits were filed in Clark Circuit Court last week asking the court to determine the land value of each easement and subsequently award the rights to East Kentucky Power. A total of 101 parcels of property are affected by the project, and the cooperative has reportedly signed easements with the remaining property owners. "Typically we like to avoid going into eminent domain. It's a last resort," said EKPC spokesman Nick Comer. "We would much prefer to work with the property owner and come to a mutual agreement. Sometimes that's not possible." ("Power coop files eminent domain suits," *The Winchester Sun*, 6-13-06)

Power plant receives final state approval. The East Kentucky Power Cooperative received final approval from state officials Tuesday to build a coal-fired power plant in northern Kentucky. Construction on the \$470 million plant in Maysville will begin immediately and take about three years, company officials said. The Winchester-based cooperative said it needs the new plant to meet power demands from the upcoming Warren Rural Electric Cooperative in 2008. Roy Palk, East Kentucky Power CEO, said building the plant will create 700 construction jobs and 40 permanent jobs. The new unit will use a technology that produces less pollution. ("Power plant receives final state approval," *Courier-Journal*, 6-13-06)

Toyota aims to boost fuel efficiency, cut emissions. Toyota Motor Corp. intends to increase research into the plug-in hybrid technology it once scoffed at and to double the number of conventional hybrid models it sells globally by early next decade. The Japanese company, poised to overtake General Motors Corp. as the world's largest automaker by sales volume, presented a far-reaching look Tuesday at its fuel-efficiency and environmental goals. In addition to increasing to 14 the number of hybrid models it offers, Toyota said, it plans to offer more fuel-efficient gasoline engines and to manufacture its first engines that can burn mixtures of ethanol and gas. The first ethanol engines from Toyota -- which lags behind GM in this area -- are to be introduced next year in Brazil, which has a nationwide system for distributing the fuel. Toyota also is considering ethanol engines for the United States, company President Katsuaki Watanabe said at a briefing in Tokyo. ("Toyota aims to boost fuel efficiency, cut emissions," *Herald-Leader*, 6-15-06)

Liquid coal as a transportation fuel. Solid coal was one of the early transportation fuels to be used in self-powered ships, in the railway industry as well as in some early steam-powered road transport vehicles. The commercial transportation industry gradually underwent the transition from solid fuel to liquid fuel. The coal industry eventually developed a combustible liquid coal fuel that had several advantages over solid fuel in certain applications. Most coal-water fuels were developed from coal that had low sulfur content. There are varieties of coal-water fuel such as orimulsion from Venezuela that have to be mixed with 5 percent crude oil to maintain combustion when being used in thermal power stations. A range of other low-rank coal-water fuels that are being developed includes a variety from Alaska that can sustain combustion without need for additional oil. Most coal-water fuels will burn cleanly in steady state, external-combustion applications such as boiler fuel. Some coal-water fuels will burn in internal-combustion engines except that the use of such fuel in such engines became problematic. Gas turbine engines that were run on coal-water fuel had carbon deposits form on turbine blades. Similar carbon deposits appeared on the piston rings and valves of diesel engines that were also run on coal-water fuel. ("Liquid coal as a transportation fuel," *EnergyPulse*, 6-8-06)

Texan Congressman introduces federal solar legislation. Congressman Lamar Smith (R), a senior member of the House Science Committee, unveiled major solar energy legislation this week. The "Solar Utilization Now Act of 2006," or "SUN Act," would provide federal grants to help states conduct solar energy projects. "The answer to much of our energy needs comes up every morning," said Congressman Smith. "Solar power is clean, plentiful and has zero emissions and zero waste." The "SUN Act" encourages state government and private industry to team up to apply for federal grants. This will enable them to buy solar energy panels at nearly half the cost. Under Smith's bill, states are required to contribute at least 10 percent of the funding. The federal government matches the grant at a maximum of 40 percent. The rest would come from utilities or private industry. Since the grants are competitive, there is an incentive for states and utilities to pledge more than the minimum amounts. Every state would be eligible to participate in the program. The program's funding starts with \$50 million in the first year (2007) and ramps up to \$300 million in 2011. ("Texan Congressman introduces federal solar legislation," *SolarBuzz*, 6-13-06)

GAO warns U.S. vulnerable to oil cutoff. Tight oil markets and little spare production capacity worldwide make the United States more vulnerable today to a cutoff of Venezuelan oil than three years ago when a strike curtailed Venezuelan supplies, a congressional study warns. The report by the Government Accountability Office (GAO) says a Venezuelan oil embargo against the United States would cause oil prices immediately to jump by \$4 to \$6 a barrel and increase gasoline prices at the pump by 11 to 15 cents a gallon. A six-month loss of 2.2 million barrels a day of Venezuelan production was about what was lost during the strike by Venezuelan oil workers during the winter of 2002-03 could cause a price spike of \$11 a barrel and cut U.S. economic output by \$23 billion, the report said, citing an Energy Department computer model analysis. ("GAO warns U.S. vulnerable to oil cutoff," *Washington Post*, 6-14-06)

These are media summaries. Please consult the source directly to ensure the accuracy of the information presented. Underlined titles are links to online articles in their entirety.

Kentucky Retail Fuel Prices (Dollars per gallon)

Product	06/14/06	06/07/06	05/31/06	05/24/06	Year Ago
Gasoline (State avg.)	2.805	2.809	2.705	2.711	2.055
Ashland	2.885	2.891	2.717	2.774	2.021
Covington	2.905	2.883	2.788	2.783	2.090
Lexington	2.773	2.837	2.689	2.674	2.053
Louisville	2.896	2.883	2.796	2.709	2.073
Owensboro	2.698	2.729	2.596	2.621	1.993
Diesel (State avg.)	2.843	2.813	2.790	2.797	2.222
Ashland	2.843	2.813	2.800	2.794	2.216
Covington	2.857	2.852	2.810	2.847	2.237
Lexington	2.854	2.831	2.799	2.805	2.224
Louisville	2.845	2.813	2.793	2.793	2.230
Owensboro	2.830	2.810	2.755	2.797	2.202

Note: The record high average price for gasoline in Kentucky is \$3.049 and occurred on Sept. 3, 2005.

Source: Gasoline (unleaded regular) & Diesel: National AAA, <http://www.fuelgaugereport.com/KYavg.asp>

Wholesale Fuel Prices

Spot Prices	06/14/06	06/07/06	05/31/06	05/24/06	Year Ago
Crude Oil (Dollars per barrel)	69.14	70.82	71.29	69.71	55.57
West Texas Intermediate, fob					
Natural Gas (Dollars per MMBtu)	6.350	5.810	5.990	6.010	7.420
Henry-Hub					

Source: Oilenergy.com

Futures		July-06	Aug-06	Sept-06
Crude Oil (Dollars per barrel)	06/14/06	69.14	69.62	70.33
Light Sweet Crude Oil	06/07/06	70.82	71.50	72.35
	05/31/06	71.29	72.29	-
Natural Gas (Dollars per MMBtu)	06/14/06	6.590	6.852	7.112
Henry-Hub	06/07/06	5.974	6.249	6.619
	05/31/06	6.384	6.621	-
Propane (Cents per gallon)	06/14/06	109.50	110.00	110.25
	06/07/06	107.00	107.25	107.50
	05/31/06	104.70	105.00	-
Coal (Dollars per ton)	06/09/06	50.00	-	-
Central Appalachian	06/02/06	51.25	-	-
	05/26/06	50.50	-	-

Source: [NYMEX closing price](#) and [EIA Coal Futures](#)

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